



NEWS RELEASE

Schwab Report: Year-End 2020 Self-Directed 401(k) Balances Up 13% Year-Over-Year Despite Ongoing Volatility and Q1 Market Lows

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WESTLAKE, Texas--(BUSINESS WIRE)-- According to Charles Schwab's **SDBA Indicators Report**, an industry-leading benchmark on retirement plan participant investment activity within self-directed brokerage accounts (SDBAs), the average account balance across all participant accounts finished Q4 2020 at \$331,664, a 13% increase year-over-year and a 10% increase from Q3 2020.

SDBAs are brokerage accounts within retirement plans, including 401(k)s and other types of retirement plans, that participants can use to invest retirement savings in individual stocks and bonds, as well as exchange-traded funds, mutual funds and other securities that are not part of their retirement plan's core investment offerings.

The SDBA Indicators Report also revealed that participants remained resilient in the face of volatility and early 2020 market lows driven by the COVID-19 pandemic. Average account balances finished the year up 31% compared to the lows they experienced at the end of Q1 2020.

The majority of participant assets continue to be held in equities (35%), up from Q4 2019 at 29%. Mutual funds were the second largest holding at 31%, followed by ETFs (18%), cash (14%), and fixed income (2%).

Allocation Trends

The data also reveals specific asset class and sector holdings within each investment category:

- Mutual funds: Large-cap funds had the largest allocation at 32% of all mutual fund allocations, followed by



taxable bond (20%) and international (16%) funds. Overall, the allocation remained consistent throughout 2020.

- **Equities:** Information technology remained the largest equity sector holding at 30%, down slightly from 31% in Q3 2020. Apple continues to be the top overall equity holding, comprising 12% of the equity allocation of portfolios. The other equity holdings in the top five include Tesla (7%), Amazon (6%), Microsoft (3%), and Berkshire Hathaway (1%).
- **ETFs:** Among ETFs, investors allocated the most dollars to U.S. equity (49%), followed by U.S. fixed income (15%), sector ETFs (13%), and international equity (12%).

Other Report Highlights

- Advised accounts hold higher average account balances compared to non-advised accounts - \$517,849 vs \$288,513.
- On average, participants held 11.4 positions in their SDBAs at the end of Q4 2020, slightly higher than the previous quarter (10.8) and Q4 2019 (10.1). Baby Boomers held more positions in their SDBA than other generations (12.8 vs. Gen X: 11.5, Millennials: 8.8).
- Trading volumes were mostly unchanged from the previous quarter, at an average of 13.9 trades per account in Q4 2020 up slightly from 13.6 trades in Q3 2020. Participants made the most trades in their equity holdings, followed by ETFs and mutual funds.
- Gen X made up approximately 44% of SDBA participants, followed by Baby Boomers (34%) and Millennials (16%).
- Gen X had the most advised accounts at 47%, followed by Baby Boomers (38%) and Millennials (12%).
- Baby Boomers had the highest SDBA balances at an average of \$493,129, followed by Gen X at \$282,494 and Millennials at \$94,872.

About the SDBA Indicators Report

The SDBA Indicators Report includes data collected from approximately 161,000 retirement plan participants who currently have balances between \$5,000 and \$10 million in their **Schwab Personal Choice Retirement Account®**. Data is extracted quarterly on all accounts that are open as of quarter-end and meet the balance criteria.

The SDBA Indicators Report tracks a wide variety of investment activity and profile information on participants with a Schwab Personal Choice Retirement Account (PCRA), ranging from asset allocation trends and asset flow in various equity, exchange-traded fund and mutual fund categories, to age trends and trading activity. The SDBA Indicators Report provides insight into PCRA users' perceptions of the markets and the investment decisions they make.

Data contained in this quarterly report is from the fourth quarter of 2020, and can be found **here**, along with prior

reports.

About Charles Schwab

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Investors in mutual funds and ETFs should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by visiting Schwab.com or calling 800-435-4000. Please read the prospectus carefully before investing.

Disclosures:

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